

Message Text

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60

ORIGIN EA-14

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SAJ-01 CIAE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 FRB-02 /134 R

DRAFTED BY EA/J:TCHUBBARD:BD

EXT., 23152 - 8/22/73

APPROVED BY E - MR. CASEY

EA/J - MR. LEVIN

EA - MR. SNEIDER

EA - MR. HUMMEL

EXIM - MR. KEARNS (PHONE)

EUR/SOV - MR. ROY (DRAFT)

EB - MR. WHITMAN

S/S - MR. GAMMON

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R 222212Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 167146

TAGS:ENRG JA, US, UR

SUBJECT: SIBERIAN DEVELOPMENT: YAKUTSK GAS

REF:TOKYO 10047, STATE 150043, TOKYO 9705, TOKYO 10127

1. OVER SEVEN HOURS' DISCUSSION BETWEEN CHAIRMAN KEARNS AND SUMITA WENT VERY WELL, RESULTING IN GENERAL AGREEMENT ON FULL US-JAPANESE COOPERATION ON EXPLORATION PHASE OF YAKUTSK NATURAL GAS PROJECT. SOME DIFFERENCES ON DETAILS OF FINANCING ARRANGEMENTS REMAIN, HOWEVER, AND SUMITA AND KEARNS AGREED TO MEET AGAIN FOLLOWING SUMITA'S VISIT TO MOSCOW AND SUBSEQUENT US-SOVIET TALKS TO PROCEED WITH DISCUSSIONS ON DETAILED ARRANGEMENTS.

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2. SUMITA'S DISCUSSION WITH UNDERSECRETARY CASEY FOCUSED ON BROADER ECONOMIC AND POLITICAL ISSUES INVOLVED IN SIBERIAN ENERGY DEVELOPMENT PROJECTS. SUMITA SAID THAT HE HAD COME TO WASHINGTON PRIOR TO HIS VISIT TO MOSCOW IN ORDER TO EXCHANGE OPINIONS WITH US OFFICIALS AND TO ESTABLISH JOINT APPROACH WITH VIEW TO SHARING PARTICIPATION IN YAKUTSK PROJECT 50-50. HE SAID THAT SUBJECT OF HIS TALKS IN MOSCOW WOULD BE CREDITS FOR EXPLORATION PHASE OF PROJECT BUT EMPHASIZED THAT NO FINAL CONCLUSIONS WOULD BE MADE AND NO AGREEMENT WOULD BE SIGNED AT THIS TIME.

3. SUMITA EMPHASIZED THAT PRIME MINISTER TANAKA AND FONMIN OHIRA LOOK UPON US PARTICIPATION AS ABSOLUTE CONDITION FOR

JAPANESE PARTICIPATION IN BOTH YAKUTSK AND TYUMEN PROJECTS FOR POLITICAL AS WELL AS ECONOMIC REASONS. SIBERIAN ENERGY IS CONSIDERED ESSENTIAL FOR JAPAN. HOWEVER, JAPANESE ARE TRADITIONALLY SUSPICIOUS OF SOVIETS AND JOINT PARTICIPATION WITH US WOULD HELP ALLAY PUBLIC CONCERNS REGARDING DEPENDENCE ON SOVIETS FOR ENERGY RESOURCES. IT WOULD ALSO SERVE TO ALLAY PUBLIC CONCERNS OVER EFFECTS ON JAPANESE RELATIONS WITH CHINESE.

4. UNDERSECRETARY CASEY NOTED THAT WE HAD EXPRESSED OUR INTEREST IN JOINT FINANCING OF SIBERIAN ENERGY PROJECTS DURING TANAKA SUMMIT. HE EMPHASIZED, HOWEVER, THAT ACTUAL COOPERATION WITH JAPANESE MUST COME FROM PRIVATE FIRMS, ALTHOUGH WE HAVE ENCOURAGED PRIVATE FIRMS TO COOPERATE AND GOVT CAN FACILITATE FINANCING. US ALSO SEES BOTH POLITICAL AND ECONOMIC REASONS FOR COOPERATION IN THESE PROJECTS. WE SHARE COMMON INTEREST IN MAINTAINING FLOW OF OIL AND GAS AND WE BELIEVE THAT JOINT US-JAPANESE COOPERATION IN THIS TYPE OF VENTURE WILL LEAD TO CLOSER POLITICAL RELATIONSHIP.

5. ON DETAILED ARRANGEMENTS, UNDERSECRETARY CASEY ASKED IF JAPANESE HAD DISCUSSED WITH SOVIETS QUESTION OF WHO WOULD OWN TANKERS, NOTING THAT US CONSIDERS IT IMPORTANT THAT US AND JAPAN SHOULD CONTROL TANKERS. SINCE SOVIETS WOULD RETAIN CONTROL OF PIPELINE, US AND JAPANESE CONTROL

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OF TANKERS WOULD PROVIDE US WITH BARGAINING LEVERAGE SHOULD PROBLEMS ARISE. SUMITA SAID THAT SOVIETS HAD INDICATED DESIRE TO OBTAIN SEPARATE CREDITS FROM US AND JAPAN TO FINANCE TANKERS BUT TO RETAIN OWNERSHIP OF THEM. SUMITA SAID THAT THIS ASPECT HAS NOT YET BEEN NEGOTIATED WITH SOVIETS AND THAT JAPANESE POSITION HAS NOT YET DEVELOPED BUT THAT HE THOUGHT EVENTUAL JAPANESE POSITION WOULD BE SIMILAR TO THAT OUTLINED BY UNDERSECRETARY. ROGERS

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